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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CITY OF ALMATY, a foreign state,

Plaintiff,

v.

VIKTOR KHRAPUNOV, an individual;  
LEILA KHRAPUNOV, an individual;  
ILIYAS KHRAPUNOV, an individual;  
MADINA ABLYAZOVA a/k/a  
MADINA KHRAPUNOVA, an  
individual; and DOES 1 through 10,

Defendants.

Case No.

Assigned To:

**COMPLAINT FOR DAMAGES,  
INJUNCTIVE RELIEF, AND  
OTHER EQUITABLE RELIEF  
FOR:**

- 1) Violations of RICO (18 U.S.C. §§ 1962(c), 1962(d), 1964);**
- 2) Breach of Fiduciary Duty;**
- 3) Conversion and Conspiracy to Commit Conversion;**
- 4) Fraud and Deceit and Conspiracy to Defraud; and**
- 5) An Accounting, and Imposition of a Constructive Trust and Equitable Lien.**

**DEMAND FOR JURY TRIAL**

1 Plaintiff the City of Almaty (“Almaty”) hereby alleges the following claims  
 2 for relief against defendants Viktor Khrapunov (“Viktor”), Leila Khrapunov  
 3 (“Leila”), Iliyas Khrapunov (“Iliyas”), Madina Ablyazova a/k/a Madina  
 4 Khrapunova (“Madina”), and Does 1 – 10 (collectively referred to as  
 5 “Defendants”).

## 6 **I. NATURE OF THE ACTION**

7 1. This is an action on behalf of the City of Almaty, the largest city in  
 8 the Republic of Kazakhstan, to recover funds that were stolen by its corrupt former  
 9 mayor, Viktor, and his co-conspirators, including his wife Leila, their children,  
 10 Iliyas and Elvira Khrapunov a/k/a Elvira Kudryashova a/k/a Elvira Balmadani  
 11 (“Elvira”), and the children’s spouses, Madina and Dmitri Kudryashov (“Dmitri”),  
 12 through a scheme that involved two objectives: (a) to steal and loot money from  
 13 Almaty; and (b) to transfer, launder, and hide that stolen money in the United  
 14 States where they believed it would be out of reach of Kazakh and other  
 15 governmental authorities (the “Khrapunov Racketeering Enterprise”).

16 2. From 1997 to 2004, Viktor, Leila, Iliyas, Elvira, and their co-  
 17 conspirators systematically stole and looted money from Almaty as a result of  
 18 Viktor’s corrupt use of his political power. In 2007, fearing discovery of their  
 19 fraud, Viktor and Leila fled to Switzerland, where Iliyas and Elvira resided at the  
 20 time, and attempted to launder and hide the stolen money in Switzerland. The  
 21 Kazakh authorities nevertheless continued to investigate Viktor, Leila, Iliyas, and  
 22 Elvira, and sought the assistance of the Swiss authorities. In May 2011, the  
 23 Kazakh authorities began bringing formal criminal charges against Viktor, Leila,  
 24 and Elvira, and in mid-2012 the Swiss authorities initiated an investigation of  
 25 Viktor and Leila on suspicion of money laundering. In November 2012, the Swiss  
 26 authorities began freezing assets in Switzerland belonging to Viktor, Leila, Iliyas,  
 27 and Elvira.

1           3.     In or around 2010, understanding that they could not accomplish their  
2 fraud by keeping the stolen money in Switzerland, the Defendants and their co-  
3 conspirators engaged in racketeering activity to launder and hide the stolen money  
4 in the United States with Iliyas, Madina, Elvira, Dmitri, and various sham  
5 companies and disguised entities. Upon information and belief, the Defendants  
6 and their co-conspirators selected the United States as the ideal location to launder  
7 the stolen proceeds because they believed it was out of reach of the Kazakh  
8 authorities. The United States does not have a mutual legal assistance treaty or  
9 extradition treaty with Kazakhstan.

10           4.     The Defendants and their co-conspirators engaged in racketeering  
11 activities in the United States by engaging in money laundering with stolen funds  
12 in violation of 18 U.S.C. § 1956; transacting in property derived from unlawful  
13 activity in violation of 18 U.S.C. § 1957; transporting stolen property in violation  
14 of 18 U.S.C. § 2314; mail fraud in violation of 18 U.S.C. § 1341; and wire fraud in  
15 violation of 18 U.S.C. §1343. They did so by acquiring property, including  
16 property in the Central District of California, and engaging in business transactions  
17 in the names of Iliyas, Madina, Elvira, Dmitri, and/or sham companies and  
18 disguised entities in order to hide the true identity of the source of the stolen funds  
19 and in order to avoid detection by Kazakh, Swiss and U.S. authorities. The  
20 activities in the United States were essential to the success of the enterprise  
21 because without a perceived safe haven for the stolen funds, the Defendants and  
22 their co-conspirators would not have been able to complete their objective of  
23 ultimately using the stolen Almaty funds for their personal benefit.

24           5.     The Defendants and their co-conspirators violated United States law  
25 in order to accomplish their goal of being able to secure and use their stolen and  
26 ill-gotten gains. The dual parts of the enterprise were necessarily conjoined – to  
27 steal large sums of money from Almaty, and to get away with it in the United  
28 States. The Defendants and their co-conspirators are trying to use the United

1 States as a safe haven for international money laundering. They are trying to do in  
 2 the United States what they could not do in Switzerland – keep and use money  
 3 stolen and looted from Almaty, and keep it out of the reach of the Kazakh  
 4 authorities and the people of Almaty.

5 6. As set forth herein, Almaty seeks: (a) to hold Defendants, including  
 6 Viktor, Leila, Iliyas, and Madina, liable for their laundering and transportation of  
 7 stolen funds to and within the United States; (b) return of the monies stolen from  
 8 Almaty and its people, or the return of substitute assets acquired with funds stolen  
 9 from Almaty and its people, located in the United States; (c) injunctive relief to  
 10 prevent Viktor, Leila, Iliyas, Madina, and their co-conspirators from engaging in  
 11 any further laundering or other transactions in the United States in violation of  
 12 federal law involving the proceeds of the looting scheme; (d) imposition of a  
 13 constructive trust over all assets located within the United States that are traceable,  
 14 either directly or indirectly, to Viktor and his co-conspirators' systematic looting of  
 15 public assets rightfully belonging to Almaty and its people and ongoing conspiracy  
 16 to launder and conceal stolen assets in the United States; and (e) treble and  
 17 punitive damages for Defendants' myriad violations of the federal anti-  
 18 racketeering statute, as well as state and federal common law.

## 19 **II. THE PARTIES**

20 7. Plaintiff Almaty is a foreign state pursuant to 28 U.S.C. § 1332(a)(4).  
 21 Until 1997, Almaty was the capital of Kazakhstan, which is a sovereign state  
 22 recognized by the Government of the United States of America. Almaty remains a  
 23 major commercial and cultural center of Kazakhstan and has the country's largest  
 24 population. Almaty has standing to bring this Complaint and sues: (a) in its own  
 25 right, as the victim of Defendants' unlawful schemes, conspiracies, and acts of  
 26 racketeering; and (b) in a *parens patriae* capacity as the representative of its  
 27 people, who were victims of Defendants' conspiracies, fraudulent schemes, and  
 28

1 acts of racketeering and who are the rightful owners of funds and assets unlawfully  
2 held by the Defendants and their co-conspirators in the United States.

3 8. Defendant Viktor was the mayor of Almaty from approximately June  
4 16, 1997 until approximately December 2004. In 2004, Viktor was nominated for  
5 the position of governor of the Pavlodar province in northeast Kazakhstan, a  
6 position he held until 2007, at which time he was appointed Minister of Emergency  
7 Measures. In late 2007, Viktor announced his retreat from all public functions and  
8 his retirement, ostensibly for health reasons.

9 9. Upon information and belief, in or about 1998, Viktor married  
10 Defendant Leila. Viktor and Leila are citizens of the Republic of Kazakhstan and,  
11 upon information and belief, currently reside in Switzerland.

12 10. Upon information and belief, Defendant Iliyas is the son of Leila, and  
13 step-son of Viktor. Upon information and belief, Iliyas is married to Defendant  
14 Madina. Upon information and belief, Iliyas and Madina are citizens of the  
15 Republic of Kazakhstan and currently reside in Switzerland.

16 11. Almaty is ignorant of the true names of defendants Does 1 through 10  
17 (the "Doe Defendants"), inclusive, and therefore sues those defendants by such  
18 fictitious names. Almaty is informed and believes, and on that basis alleges, that  
19 the Doe Defendants, inclusive, are responsible for the acts alleged in this  
20 Complaint. When the true names of such fictitious defendants are ascertained,  
21 Almaty will seek leave of this Court to amend this Complaint to name those  
22 individuals or entities.

23 12. Almaty is informed and believes, and thereon alleges, that the  
24 Defendants, including those named as Doe Defendants, were at all times relevant  
25 herein the agents, servants, and/or employees of Defendants, and each of them, and  
26 in doing the things herein alleged, were acting at least in part within the course and  
27 scope of their authority as such agents, servants, and/or employees of Defendants,  
28 and each of them.

### III. JURISDICTION AND VENUE

13. This Court has subject matter jurisdiction under 28 U.S.C. § 1331(a) and 18 U.S.C. § 1964(c) over the First and Second Claims for Relief of this Complaint for violation of the federal Racketeer Influenced and Corrupt Organizations Act (“RICO”), 18 U.S.C. §§ 1961 *et seq.* and for conspiracy to violate RICO. The Third through Seventh Claims for Relief allege violations of state law and of federal common law. This Court has pendent jurisdiction over such claims pursuant to 28 U.S.C. § 1367(a) because those claims are joined with substantially related claims under RICO and because those claims are so related to the RICO claims in the action that they form part of the same case or controversy under Article III of the United States Constitution and arise from a common nucleus of operative facts.

14. Venue is proper in this District and before this Court pursuant to 28 U.S.C. § 1391(b)(2) because events giving rise to Almaty’s claims occurred in this District, including, among other things, Defendants’ purchase, in violation of U.S. law, of real estate and other assets located in Beverly Hills and Studio City, California.

15. This Court has personal jurisdiction over Defendants because each of them knowingly committed acts that form the basis of this Complaint in this District, directed or conspired with others to commit acts in this District, and purposely availed themselves of the privileges of doing business in this District, as fully set forth herein.

### IV. FACTUAL ALLEGATIONS

#### A. Overview of the Khrapunov Racketeering Enterprise and Conspiracy

16. In 1991, Kazakhstan declared its independence from the former Soviet Union and initiated the process of becoming a free society. Rather than assist their country in embracing this move towards freedom, Viktor and his co-conspirators

1 exploited Viktor's position of trust and authority, stole hundreds of millions of  
2 dollars from the people of Almaty and tried to launder, hide and spend this money  
3 in the United States.

4 17. The Khrapunov Racketeering Enterprise comprised of two interrelated  
5 parts. First, the Defendants, along with Elvira and Dmitri, conspired together to  
6 have Viktor abuse his position of trust as mayor of Almaty to steal from the people  
7 of Almaty various state-owned assets cumulatively valued at over \$300 million.  
8 Second, the Defendants, along with Elvira and Dmitri, conspired together to  
9 transport and to launder those stolen assets out of Kazakhstan and to the United  
10 States, among other places, in order to escape the reach of the Kazakh authorities.  
11 The transportation and laundering of the stolen assets was essential to the success  
12 of the enterprise because it would enable the Defendants and their co-conspirators  
13 to use the assets that had been stolen for their own personal benefit.

14 18. Viktor became mayor of Almaty on or about June 16, 1997, and  
15 remained in that position until approximately December 2004. Before Viktor  
16 assumed the office of the mayor of Almaty, he took an oath of office to strictly  
17 obey the Constitution and laws of the Republic of Kazakhstan. Among other  
18 things, Viktor expressly and impliedly promised and represented that he would  
19 fulfill his fiduciary duties to the people of Almaty, would honor his obligation to  
20 provide honest services, and would not convert money, property, or assets  
21 belonging to Almaty for his own use or that of his family, friends, or associates.

22 19. In fact, over the span of more than six years, Viktor repeatedly and  
23 systematically violated those promises and abused his position of power and  
24 authority to steal millions of dollars of real property and assets from the people of  
25 Almaty and to launder and conceal that money in the United States and elsewhere  
26 in the hopes of escaping prosecution. Aided and abetted by his wife, children,  
27 associates, accomplices, and other co-conspirators, Viktor plundered the city's  
28 wealth and industry to enrich himself, his family, and his co-conspirators, at the



1 expense of Almaty and its people, and Defendants and their co-conspirators now  
2 seek to conceal and enjoy their ill-gotten gains in the United States.

3 20. Defendants and their co-conspirators carried out the scheme through  
4 various means, including: (a) secretly acquiring property owned by Almaty  
5 through fictitious and sham entities for a fraction of what the property was worth,  
6 then selling the property for tens of millions of dollars in illicit profits; (b)  
7 acquiring property without even paying for it through sham transactions; and (c)  
8 secretly acquiring property at a discount then taking illicit government action that  
9 vastly increased the value of the property solely to benefit Viktor and his co-  
10 conspirators.

11 21. As mayor, Viktor was entrusted with the right to cause state-owned  
12 real estate to be sold to private parties at auction pursuant to established legal  
13 procedures, the right to cause privately-owned real estate to be taken for purported  
14 state use, and the right to control who could do business in Almaty through the  
15 granting of licenses, concessions, and permits.

16 22. In his capacity as mayor of Almaty, Viktor caused certain state-owned  
17 real estate parcels to be put up for auction. However, in violation of Kazakh law,  
18 and in violation of his duties to the people of Almaty, Viktor, aided and abetted by  
19 others involved in the Khrapunov Racketeering Enterprise, corrupted those  
20 auctions by: (a) improperly influencing and directing the actions of the individuals  
21 responsible for administering the auctions; and (b) improperly causing confidential  
22 bid information to be disclosed to entities controlled by his co-conspirator Leila to  
23 allow these entities to adjust their bids.

24 23. Through these corrupt activities, Viktor and Leila succeeded in  
25 purchasing real estate and other assets put up for auction by Almaty, often at  
26 artificially suppressed prices. In some instances, Viktor thereafter caused  
27 development permits to be issued in connection with the purchased sites, vastly  
28 increasing the market value of the real estate, which Viktor, Leila, and/or their co-



1 conspirators then re-sold at a significant profit. In other instances, entities  
2 controlled by Leila simply ignored restrictions placed on parcels sold at auction in  
3 order to resell the parcels at a significant profit. In addition, in some instances,  
4 entities controlled directly or indirectly by Viktor and Leila simply failed to pay for  
5 the assets they acquired and subsequently re-sold.

6 24. Viktor thus conspired with the other Defendants and co-conspirators  
7 to use his position of power and authority to convert and cause to be converted, to  
8 his use and that of his family, friends and associates, money, funds and property  
9 rightfully belonging to Almaty and its people.

10 25. After wrongfully appropriating assets belonging to Almaty and its  
11 people, Viktor, Leila, Elvira, and Iliyas, along with their families, friends,  
12 associates, and accomplices in the Khrapunov Racketeering Enterprise, devised  
13 and executed schemes to systematically and secretly transfer their ill-gotten gains  
14 out of Kazakhstan in an effort to escape the reach of the Kazakh authorities. To  
15 that end, the Defendants and their co-conspirators ultimately transferred millions of  
16 dollars of stolen funds into the United States in violation of U.S. law through  
17 accounts, sham companies, and disguised entities owned or ultimately controlled  
18 by Elvira, Dmitri, Iliyas, and/or Madina.

19 26. The Defendants and their co-conspirators first transferred the stolen  
20 funds to Switzerland, where Iliyas and Elvira were residing, using accounts and  
21 sham entities owned or ultimately controlled by Leila, Iliyas, Elvira, and/or their  
22 co-conspirators. Leila, Iliyas, and Elvira received in Switzerland hundreds of  
23 millions of dollars transferred out of Kazakhstan by Viktor and Leila and  
24 laundered through various offshore holding companies to appear legitimate.

25 27. Shortly thereafter, Leila, Iliyas, and Elvira began transferring portions  
26 of the ill-gotten proceeds out of Switzerland. They again laundered stolen funds  
27 through various offshore holding companies, and ultimately transferred those  
28 stolen funds into the United States in violation of U.S. law via accounts and

1 entities owned or ultimately controlled by Elvira, Dmitri, Iliyas, and/or Madina.  
2 Iliyas, Madina, Elvira, and Dmitri conspired with the other Defendants to use the  
3 stolen funds they brought to the United States to purchase real estate and assets in  
4 California and New York, to fund U.S. holding companies owned or controlled by  
5 Leila, Iliyas, Madina, Elvira, and/or Dmitri, and to invest in United States  
6 businesses. Upon information and belief, the Defendants and their co-conspirators  
7 increased their efforts to transfer stolen funds to the United States following the  
8 Swiss authorities' investigation of Viktor and Leila in 2012, which led to the Swiss  
9 authorities freezing Swiss bank accounts held by the Defendants and their co-  
10 conspirators.

11 28. Viktor and Leila took numerous steps to conceal their looting for  
12 years from Almaty and the Kazakh authorities. Among other things, Viktor and  
13 Leila each filed false annual tax returns with the Tax Committee of the Ministry of  
14 Finance of Kazakhstan, Kazakhstan's taxation authority, which concealed the  
15 millions of dollars in monies, properties, and assets acquired through the  
16 Khrapunov Racketeering Enterprise. According to their 2007 tax returns, which  
17 required Viktor and Leila to list their entire net worth accumulated through all  
18 sources as of December 31, 2007, Viktor and Leila reported a combined net worth  
19 of approximately \$113,298 (13,671,665 ₸), in addition to three vehicles, five  
20 modest pieces of real estate, and two parking stalls.

21 29. Despite claiming to have a total net worth of less than \$120,000, by  
22 systematically looting and plundering assets belonging to the people of Almaty,  
23 Viktor and Leila amassed a fortune that reportedly exceeds \$300 million. Indeed,  
24 according to public news reports, in 2009 Viktor was one of the richest people in  
25 Switzerland with a fortune of over \$300 million. Similarly, in 2012 Viktor was  
26 among Switzerland's 300 richest people with a fortune of approximately \$324 –  
27 \$432 million (300 – 400 million Swiss francs).

28

**B. Pending Investigations: The Kazakh and Swiss Authorities Are Proceeding Against the Defendants and Their Co-Conspirators for Crimes Committed in Those Countries**

30. In approximately late 2007, Viktor became aware that the Kazakh government had begun investigating him and his family, friends, and associates for criminal violations. On or about November 9, 2007, Viktor and Leila fled Kazakhstan via private jet to Switzerland, where Iliyas and Elvira resided at the time.

31. On or about May 27, 2011, the Investigation Department of the Agency for Economic and Corruption-Related Crimes of Kazakhstan (the “Financial Police”) filed two criminal cases against Viktor on suspicion of abuse of power and fraudulent acts. On or about July 21, 2011, the Financial Police obtained a court-ordered arrest warrant for Viktor. In 2011 and 2012, additional charges were brought in Kazakhstan against Viktor, Leila, Iliyas, and Elvira stemming from the theft of public property and the ultimate laundering of funds.

32. On or about February 20, 2012 and September 14, 2012, the Financial Police applied to the Federal Office of Justice in Switzerland for legal assistance in connection with the effort to prosecute Viktor, Leila, Iliyas, and Elvira for their crimes in Switzerland and Kazakhstan against Almaty and its people. In or about mid-2012, the Public Prosecutor of Geneva opened an investigation into Viktor, Leila, Iliyas, and Elvira on suspicion of money laundering in violation of Swiss law. In or about November 2012, the Public Prosecutor of Geneva ordered Swiss accounts and assets belonging to Viktor, Leila, Iliyas, and Elvira frozen, including accounts held at Swiss banks Sarasin & Co. Ltd., Credit Suisse, and Schroeder & Co. The investigation by the Swiss authorities is ongoing.

33. There currently are 24 criminal cases pending against Viktor in Kazakhstan for embezzlement, fraud, money laundering, establishing and directing an organized criminal group for criminal purposes, abuse of power, and bribery.

1 There currently are five criminal cases pending against Leila in Kazakhstan for  
 2 money laundering and establishing and directing an organized criminal group for  
 3 criminal purposes. There also currently is a criminal case pending against Elvira in  
 4 Kazakhstan for money laundering.

5 **C. The Theft of Property: The Defendants and Their Co-**  
 6 **Conspirators Unlawfully Converted Almaty Property and**  
 7 **Ultimately Sold it to Third Parties at Enormous Profit**

8 34. Over the life of the Khrapunov Racketeering Enterprise, the  
 9 Defendants and their co-conspirators carried out multiple acts all directed at the  
 10 same goal: to convert property rightfully belonging to the people of Almaty, sell it  
 11 for a profit, then launder the proceeds to conceal their origin and convey the  
 12 proceeds out of Kazakhstan in order to escape the reach of the Kazakh authorities  
 13 and thereby get away with their crimes. As a result, Viktor, Leila, Iliyas, Elvira  
 14 and their co-conspirators looted Almaty of hundreds of millions of dollars and  
 15 transported millions in stolen funds into and within the United States in violation  
 16 of U.S. law.

17 35. Four examples of Defendants' illegal acquisition of property  
 18 belonging to Almaty and its people are set forth below. Through the four  
 19 transactions detailed below, Viktor, Leila, Iliyas, Elvira, their family and their co-  
 20 conspirators generated approximately \$28.57 million in illicit profits resulting from  
 21 the illegal conversion and re-sale of four pieces of property. In total, the  
 22 Khrapunov Racketeering Enterprise is believed to have illegally acquired over 80  
 23 pieces of real estate, valued at approximately \$300 million, from Almaty and its  
 24 people. They now seek to further their wrongdoing by hiding stolen funds in the  
 25 United States.

26 **Real Estate 1**

27 36. In or about 2000, Viktor abused his position as Mayor of Almaty to  
 28 cause a large tract of state-owned land near two rivers in Almaty ("Real Estate 1")

1 to be transferred to Leila for a total price of approximately \$121,000. The transfer  
2 was accomplished via a series of fraudulent transactions and front companies  
3 controlled by Leila and Iliyas. Through several more transfers designed to conceal  
4 the illegal conduct, Leila and Iliyas ultimately sold Real Estate 1 for a total of  
5 \$15.57 million, yielding more than \$15 million in illicit profit as a result of this  
6 single transaction.

7 37. Viktor's transfer of Real Estate 1 violated the Land Code of the  
8 Republic of Kazakhstan, which requires that public property be sold via auction, as  
9 well as the Water Code, which mandates that land in water conservation zones may  
10 only be provided to private individuals and entities for temporary use.

11 38. To carry out the illegal conversion of Real Estate 1, Viktor, Leila, and  
12 Iliyas utilized at least six Kazakhstan entities controlled by Leila and Iliyas,  
13 including: (a) Almaty-Demalys; (b) Viled Establishment; (c) KazRealIncom LLP  
14 ("KRI"); (d) Karasha Plus LLP ("Karasha"); (e) Building Services Company  
15 ("BSC"); and (f) Asia Holding Development LLP ("Asia Holding"). Through a  
16 series of transfers and sales engineered by Viktor, Leila, and Iliyas, Real Estate 1  
17 was first transferred to Almaty-Demalys, which in turn ultimately was transferred  
18 to Viled.

19 39. On or about August 25, 2003, Leila caused Viled to sell Almaty-  
20 Demalys to KRI for approximately \$121,000 (18,800,000 ₸). Less than six  
21 months later, Leila caused KRI to sell Almaty-Demalys to Karasha for the same  
22 amount. Next, Leila caused Karasha to transfer ownership of Real Estate 1 directly  
23 to her. As a result of this series of transfers, Leila obtained full ownership of Real  
24 Estate 1.

25 40. On or about October 6, 2003, Leila contributed a portion of Real  
26 Estate 1 to BSC, which she then sold to an unrelated third party in a transaction  
27 that valued that portion of Real Estate 1 at approximately \$8 million  
28 (1,179,999,980 ₸). Leila caused the remaining portion of Real Estate 1 to be

1 conveyed directly to Iliyas. Iliyas, in turn, contributed it to Asia Holding, and then  
 2 sold Asia Holding to a separate unrelated third party for approximately \$7.57  
 3 million. Of the \$7.57 million, Iliyas transferred approximately \$2.21 million to  
 4 Elvira's Swiss bank accounts, including accounts at Sarasin & Co. Ltd., Credit  
 5 Suisse, and Schroeder & Co., and retained the remainder for himself.

6 41. Thus, Leila paid approximately \$121,000 for Real Estate 1, which she  
 7 and Iliyas later re-sold for a total of \$15.57 million.

## 8 **Real Estate 2**

9 42. On or about April 16, 2001, Viktor used his position as mayor to  
 10 cause a public building in Almaty to be sold to Leila's company, KRI, for  
 11 approximately \$347,000 (52,155,100 ₸). Viktor did so by manipulating a public  
 12 auction to ensure that KRI won the auction.

13 43. Under the laws of Kazakhstan, potential buyers of state-owned  
 14 property are obligated to state how they intend to invest in and develop the  
 15 property. In an attempt to make KRI's bid appear legitimate, during the bidding  
 16 process Leila caused KRI to fraudulently represent that KRI would invest a  
 17 significant amount in Real Estate 2 to build a health center for the benefit of the  
 18 people of Almaty. That representation was false at the time it was made and, in  
 19 fact, KRI never intended to and never did build any such health center. Instead, on  
 20 or about October 1, 2003, Leila caused KRI to sell Real Estate 2 to Karasha and,  
 21 two days later, Leila caused Karasha to sell Real Estate 2 directly to her. Shortly  
 22 thereafter, Leila contributed Real Estate 2 to BSC, which she then sold to an  
 23 unrelated third party in a transaction that valued Real Estate 2 at approximately  
 24 \$4.1 million (611,445,206 ₸). Leila and Viktor thus obtained illegal profit of over  
 25 \$3.7 million as a result of their illicit acquisition and re-sale of Real Estate 2.



1           **Real Estate 3**

2           44. In addition to manufacturing the sale of state-owned assets to Leila  
3 and other family members and co-conspirators, Viktor also abused his authority as  
4 mayor to seize privately-owned land and transfer it to Leila and others for re-sale.

5           45. On or about August 25, 2003, Viktor caused Almaty to seize land  
6 owned by privately-owned third party Shadid Engineering LLP (“Real Estate 3”).  
7 Approximately one month later, Viktor caused Real Estate 3 to be sold to Leila’s  
8 company Karasha for approximately \$105,000 (15,600,000 ₸). Leila then caused  
9 Karasha to sell Real Estate 3 directly to her. Leila next contributed Real Estate 3  
10 to BSC, and sold BSC to an unrelated third party in a transaction that valued Real  
11 Estate 3 at approximately \$2 million. As a result, Leila obtained nearly \$1.9  
12 million in illicit profit at the expense of Almaty and its people.

13           **Real Estate 4**

14           46. In or about November 2004, Viktor caused Almaty to sell land (“Real  
15 Estate 4”) to two additional Kazakhstan companies owned and controlled by Leila,  
16 Victoriya-KMK LLP and Ademytau-KMK LLP. Real Estate 4 was located in a  
17 water conservation zone and, therefore, under Kazakh law, could be provided to  
18 private persons or entities only for temporary use. Nevertheless, in violation of the  
19 law and his obligations as mayor of Almaty, Viktor caused Real Estate 4 to be sold  
20 to Leila’s companies for approximately \$1.3 million (18,870,100 ₸). On or about  
21 December 23, 2005 and January 25, 2006, Leila sold Real Estate 4 to an unrelated  
22 third party for approximately \$8.6 million (1,223,950,000 ₸) – resulting in illicit  
23 profit to Leila and Viktor of approximately \$7.3 million.

24           47. Together, the illegal conversion of Real Estate 1-4, and ultimate sale  
25 of those properties to unrelated third parties, resulted in profit to Viktor, Leila,  
26 Iliyas, Elvira, their family members and their co-conspirators of over \$28.57  
27 million. These are merely four examples of Viktor and his family and co-  
28 conspirators’ wrongdoing. In total, approximately 80 parcels of real estate



1 rightfully belonging to Almaty and its people were illegally alienated by the  
 2 Defendants and their co-conspirators for their own personal gain. On information  
 3 and belief, the Defendants and their co-conspirators profited by over \$300 million  
 4 from these illegal transactions, all at the expense of the people of Almaty, and now  
 5 are seeking to use the United States as a haven in which to enjoy their ill-gotten  
 6 gains.

7 **D. The Laundering of Stolen Funds: The Defendants and Their Co-**  
 8 **Conspirators Laundered Illegally Obtained Funds in Switzerland**  
 9 **and the United States**

10 48. The Defendants and their co-conspirators laundered the proceeds of  
 11 their crimes in Switzerland and the United States in order to hide the assets from  
 12 authorities and reap the rewards of their wrongdoing. Once the Swiss authorities  
 13 began to investigate the Defendants and their co-conspirators and to freeze their  
 14 assets, the Defendants and their co-conspirators increased their illegal laundering  
 15 activities in the United States to further conceal the proceeds. Upon information  
 16 and belief, the Defendants and their co-conspirators selected the United States as  
 17 one jurisdiction in which to hide the stolen funds because they felt they would be  
 18 immune from redress for their crimes here. The United States does not have a  
 19 mutual legal assistance treaty or extradition treaty with Kazakhstan.

20 49. The Defendants and their co-conspirators used numerous holding  
 21 companies in order to hide and to launder the illicit funds they siphoned out of  
 22 Kazakhstan through Switzerland and ultimately into and within the United States  
 23 and other countries. These holding companies included at least two Swiss  
 24 companies owned and controlled by Iliyas and Elvira, SDG Capital SA (“SDG”)  
 25 and Swiss Promotion Group SA (“SPG”). In total, Iliyas, Elvira, and Leila have  
 26 transferred at least \$125 million into these two Swiss companies alone.

27 50. Between 2008 and 2012, Iliyas, Elvira, Leila, and sham companies  
 28 they control have injected over \$115 million into SDG. SDG was formed in or

1 about July 2008 and, until approximately May 2009, was owned and controlled by  
2 Harlem Securities, a British Virgin Islands corporation that was, in turn, owned by  
3 Iliyas. In or about May 2009, Elvira purchased SDG from Harlem Securities for  
4 approximately \$99,000. Following that purchase, Iliyas continued to exert full  
5 control over SDG Capital.

6 51. Iliyas, Elvira, Leila, and sham companies they control also have  
7 contributed substantial assets, believed to be in excess of \$10 million, to SPG.  
8 Iliyas is the ultimate beneficial owner of SPG via a variety of offshore holding  
9 companies.

10 52. All of the funds contributed to SDG, SPG, and other front companies  
11 controlled by Iliyas, Elvira, and Leila represent and are traceable to the ill-gotten  
12 proceeds of Viktor and his family and co-conspirators' looting of real estate and  
13 other assets rightfully belonging to Almaty and its people.

14 53. In an ongoing effort to launder and conceal the source of the funds  
15 they stole from the people of Almaty, after moving the funds to various accounts  
16 and holding companies in Switzerland, the Defendants and their co-conspirators  
17 began transferring the stolen funds into the United States. Below are merely three  
18 examples of the numerous transactions wrongfully engaged in by Defendants and  
19 their co-conspirators in furtherance of the Khrapunov Racketeering Scheme.

20 54. For example, in or about July 2012, Elvira, with the knowledge and  
21 assistance of Viktor, Leila, Dmitri, Iliyas, and Madina, caused over \$3 million to  
22 be transferred into a United States bank account owned or controlled by her, and at  
23 all times all Defendants and their co-conspirators knew that money to have been  
24 stolen from the people of the City of Almaty. Upon information and belief, before  
25 transferring these funds into the United States, the Defendants and their co-  
26 conspirators caused the funds to be moved through various off-shore bank  
27 accounts, including accounts held by sham holding companies, for the sole purpose  
28 of illicitly concealing the source of the stolen funds and with the goal of making

1 the stolen funds appear legitimate. Upon information and belief, this \$3 million  
2 transferred into the United States by the Defendants and their co-conspirators is  
3 traceable to the funds they looted from Almaty. Upon information and belief, the  
4 Defendants and their co-conspirators made use of the United States wires and  
5 United States mail in furtherance of this illegal transaction. The Defendants and  
6 their co-conspirators transferred these funds into the United States in furtherance of  
7 the goals of the Khrapunov Racketeering Scheme, with the intent to conceal the  
8 illegitimate source of the funds and thereby prevent Almaty from recovering the  
9 funds they stole.

10 55. As another example, in or about November 2012, Iliyas, with the full  
11 knowledge and assistance of the other Defendants and co-conspirators, caused  
12 approximately \$1.3 million to be transferred from an off-shore bank account  
13 owned or controlled by him into a United States bank account owned by RPM  
14 USA LLC and controlled by Iliyas. At all times all Defendants and their co-  
15 conspirators knew that money to have been stolen from the people of the City of  
16 Almaty. Upon information and belief, before transferring these funds into the  
17 United States, Iliyas and the other Defendants and co-conspirators caused the funds  
18 to be moved through various off-shore bank accounts, including accounts held by  
19 sham holding companies, for the sole purpose of illicitly concealing the source of  
20 the stolen funds and with the goal of making the stolen funds appear legitimate.  
21 Upon information and belief, this \$1.3 million transferred into the United States by  
22 the Defendants and their co-conspirators is traceable to the funds they looted from  
23 Almaty. Upon information and belief, the Defendants and their co-conspirators  
24 made use of the United States wires and United States mail in furtherance of this  
25 illegal transaction. The Defendants and their co-conspirators transferred these  
26 funds into the United States in furtherance of the goals of the Khrapunov  
27 Racketeering Scheme, with the intent to conceal the illegitimate source of the  
28 funds and thereby prevent Almaty from recovering the funds they stole.

1           56. As a third example, in or about June 2012, Elvira and Iliyas – again,  
2 with the full knowledge and assistance of the other Defendants and co-conspirators  
3 – caused approximately \$25,000 to be transferred from a Swiss bank account  
4 owned or controlled by Iliyas into a United States bank account owned or  
5 controlled by Elvira. At all times all Defendants and their co-conspirators knew  
6 that money to have been stolen from the people of the City of Almaty. Upon  
7 information and belief, before transferring these funds into the United States, the  
8 Defendants and their co-conspirators caused the funds to be moved through various  
9 off-shore bank accounts, including accounts held by sham holding companies, for  
10 the sole purpose of illicitly concealing the source of the stolen funds and with the  
11 goal of making the stolen funds appear legitimate. Upon information and belief,  
12 this \$25,000 transferred into the United States by the Defendants and their co-  
13 conspirators is traceable to the funds they looted from Almaty. Upon information  
14 and belief, the Defendants and their co-conspirators made use of the United States  
15 wires and United States mail in furtherance of this illegal transaction. The  
16 Defendants and their co-conspirators transferred these funds into the United States  
17 in furtherance of the goals of the Khrapunov Racketeering Scheme, with the intent  
18 to conceal the illegitimate source of the funds and thereby prevent Almaty from  
19 recovering the funds they stole.

20           57. In or about December 2010, Elvira and Dmitri used funds illegally  
21 obtained through the Khrapunov Racketeering Enterprise's criminal activity in  
22 Kazakhstan and laundered through various off-shore bank accounts and entities to  
23 appear legitimate to purchase a luxurious single-family home located at 2578  
24 Hutton Drive in Beverly Hills, California, for approximately \$3.65 million. Elvira  
25 and Dmitri knew that the money they used to engage in this transaction was stolen  
26 from the people of Almaty, and illegally laundered to appear legitimate. They  
27 purchased this property with the intent to use the transaction to further conceal the  
28 illegitimate source of the funds, which are traceable to the funds the Defendants

1 and their co-conspirators embezzled from the people of Almaty. Furthermore,  
 2 upon information and belief, Elvira and Dmitry made use of the United States mail  
 3 and wires, as well as United States financial institutions, to engage in this  
 4 transaction. As a result of the foregoing, Elvira and Dmitri violated, among other  
 5 U.S. laws, 18 U.S.C. §§ 1956 (money laundering and conspiracy to commit money  
 6 laundering), 1957 (transactions in property derived from unlawful activity), 2314  
 7 (transport of stolen money), 1341 (mail fraud), and 1343 (wire fraud). Elvira and  
 8 Dmitri acted with the agreement and knowledge of Viktor, Leila, Iliyas, and  
 9 Madina, and as a result, all Defendants also violated 18 U.S.C. § 371 (conspiracy).

10 58. In March 2012, Iliyas and Madina, also using ill-gotten proceeds of  
 11 the looting scheme laundered through various off-shore bank accounts and entities  
 12 to appear legitimate, purchased a lavish single-family home located at 606 North  
 13 Alta Drive in Beverly Hills, California, for approximately \$5.45 million. Iliyas  
 14 and Madina knew that the money they used to engage in this transaction was stolen  
 15 from the people of Almaty, and illegally laundered to appear legitimate. Indeed,  
 16 Iliyas and Madina attempted to further conceal the source of the stolen funds used  
 17 to make this purchase by using Candian International Ltd. to complete the  
 18 purchase, and they purchased this property with the intent to use the transaction to  
 19 further conceal the illegitimate source of the funds, which are traceable to the  
 20 funds the Defendants and their co-conspirators embezzled from the people of  
 21 Almaty. Furthermore, upon information and belief, Iliyas and Madina made use of  
 22 the United States mail and wires, as well as United States financial institutions, to  
 23 engage in this transaction. As a result of the foregoing, Iliyas and Madina violated,  
 24 among other U.S. laws, 18 U.S.C. §§ 1956, 1957, 2314, 1341, and 1343. Iliyas  
 25 and Madina acted with the agreement and knowledge of Viktor, Leila, Elivra, and  
 26 Dmitri, and as a result, all Defendants also violated 18 U.S.C. § 371.

27 59. In or about mid-2012, the Public Prosecutor of Geneva opened an  
 28 investigation into Viktor, Leila, Iliyas, and Elvira on suspicion of money

1 laundering in violation of Swiss law. In or about November 2012, the Public  
2 Prosecutor of Geneva ordered frozen certain Swiss accounts and assets belonging  
3 to Viktor, Leila, Iliyas, and Elvira. After this action by Swiss government  
4 authorities, the Defendants and their co-conspirators continued and increased their  
5 laundering activities in the United States.

6         60. In January 2013, Iliyas and Madina purchased a second mansion in  
7 Beverly Hills using illicit funds stolen from Almaty and laundered through various  
8 off-shore bank accounts and entities to appear legitimate. Iliyas and Madina knew  
9 that the money they used to engage in this transaction was stolen from the people  
10 of Almaty, and illegally laundered to appear legitimate. Indeed, Iliyas and Madina,  
11 with Elvira's assistance, used another sham holding company, 628 Holdings LLC,  
12 to launder and conceal the source of the illicit funds. To that end, Iliyas and  
13 Madina caused 628 Holdings LLC to purchase for \$6.2 million a five-bedroom  
14 single-family home located at 628 North Alta Drive in Beverly Hills, California for  
15 the benefit and use of Iliyas and Madina. Elvira is listed in public records as an  
16 officer of 628 Holdings LLC. Iliyas and Madina purchased this property with the  
17 intent to use the transaction to further conceal the illegitimate source of the funds,  
18 which are traceable to the funds the Defendants and their co-conspirators  
19 embezzled from the people of Almaty. Furthermore, upon information and belief,  
20 Iliyas and Madina made use of the United States mail and wires, as well as United  
21 States financial institutions, to engage in this transaction. As a result of the  
22 foregoing, Iliyas, Madina, and Elvira violated, among other U.S. laws, 18 U.S.C.  
23 §§ 1956, 1957, 2314, 1341, and 1343. Iliyas, Madina, and Elvira acted with the  
24 agreement and knowledge of Viktor, Leila, and Dmitri, and as a result, all  
25 Defendants also violated 18 U.S.C. § 371.

26         61. In or about July 2013, Elvira and Dmitri sold the house at 2578  
27 Hutton Drive for approximately \$4.97 million and purchased an expansive, two-  
28 acre estate located at 11986 Lockridge Road in Studio City, California for



1 approximately \$5.7 million, again using funds stolen from Almaty and laundered  
 2 through various off-shore bank accounts and entities to appear legitimate. Elvira  
 3 and Dmitri knew that the money they used to engage in this transaction was stolen  
 4 from the people of Almaty, and illegally laundered to appear legitimate. Indeed,  
 5 shortly after they purchased this property, in a further attempt to conceal their  
 6 possession and use of those funds, Elvira and Dmitri transferred it to The Kasan  
 7 Family Trust, a trust for which they serve as trustees. They purchased this  
 8 property with the intent to use the transaction to further conceal the illegitimate  
 9 source of the funds, which are traceable to the funds the Defendants and their co-  
 10 conspirators embezzled from the people of Almaty. Furthermore, upon  
 11 information and belief, Elvira and Dmitry made use of the United States mail and  
 12 wires, as well as United States financial institutions, to engage in this transaction.  
 13 As a result of the foregoing, Elvira and Dmitri violated, among other U.S. laws, 18  
 14 U.S.C. §§ 1956, 1957, 2314, 1341, and 1343. Elvira and Dmitri acted with the  
 15 agreement and knowledge of Viktor, Leila, Iliyas, and Madina, and as a result, all  
 16 Defendants also violated 18 U.S.C. § 371.

17 62. In or about September 2013, Iliyas and Madina sold the house at 606  
 18 North Alta Drive for approximately \$6.975 million. Upon information and belief,  
 19 Iliyas and Madina sold this property less than 18 months after they purchased it in  
 20 a further attempt to launder and conceal the source of the funds, which are  
 21 traceable to the funds they and the other Defendants and co-conspirators looted  
 22 from the people of the City of Almaty.

23 63. The Defendants and their co-conspirators' luxurious lifestyles in the  
 24 United States were not limited to the purchase of Beverly Hills and Studio City  
 25 mansions. In or about April 2013, Elvira leased a 2013 Rolls Royce sedan valued  
 26 at approximately \$302,000. In addition to the Rolls Royce, Elvira leased a 2013  
 27 Bentley sedan valued at approximately \$320,000. Elvira is the registered owner of  
 28 a 2013 Mercedes Benz sport utility vehicle valued at approximately \$114,000 and



1 a 2011 Cadillac sport utility vehicle valued at approximately \$75,000. Elvira used  
2 funds stolen from Almaty and laundered through various off-shore bank accounts  
3 and entities to appear legitimate, while knowing those funds to be stolen, to acquire  
4 these vehicles. Upon information and belief, the funds used to purchase or lease  
5 these vehicles are traceable to the funds stolen from Almaty. Furthermore, upon  
6 information and belief, Elvira made use of the United States mail and wires, as  
7 well as United States financial institutions, to engage in these purchase and lease  
8 transactions. As a result of the foregoing, Elvira violated, among other U.S. laws,  
9 18 U.S.C. §§ 1956, 1957, 2314, 1341, and 1343. In doing so, Elvira acted with the  
10 agreement and knowledge of Viktor, Leila, Iliyas, Madina, and Dmitri, and as a  
11 result, all Defendants also violated 18 U.S.C. § 371.

12 64. Elvira, Dmitri, Iliyas, and Madina also have attempted to launder  
13 funds obtained from the plundering of Almaty by making investments in multiple  
14 U.S. companies, including Maro Design LLC, Haute Hue LLC, RPM USA LLC,  
15 and RPM-Marco LLC. Elvira, Dmitri, Iliyas, and/or Madina own or control all of  
16 the above-named sham entities and, on information and belief, all of the monies  
17 used to fund investments in the sham entities were laundered through various off-  
18 shore bank accounts and entities to appear legitimate and are derived from, and  
19 traceable to, funds looted from the people of the City of Almaty. Elvira, Dmitri,  
20 Iliyas, and Madina injected funds into these and other sham holding companies  
21 with the intent to use the holding companies to further conceal the illegitimate  
22 source of the funds. Furthermore, upon information and belief, Elvira, Dmitri,  
23 Iliyas, and Madina made use of the United States mail and wires, as well as United  
24 States financial institutions, to engage in these investments. As a result, Elvira,  
25 Dmitri, Iliyas, and Madina again acted in violation of 18 U.S.C. §§ 1956, 1957,  
26 2314, 1341, and 1343. They at all times acted with the agreement and knowledge  
27 of Viktor and Leila, and as a result, all Defendants also violated 18 U.S.C. § 371.

28

65. Further, Iliyas and Elvira have caused SDG and SPG to move additional assets stolen from Almaty into the United States by, among other things, using a chain of Luxembourg and Delaware entities to invest in real estate in New York. In or about July 2012, RPM USA LLC, which is owned or controlled by Iliyas and is a wholly owned subsidiary of SPG, invested approximately \$6 million in a New York-based medical device company. Upon information and belief, that \$6 million was laundered through various off-shore bank accounts and entities to appear legitimate and is traceable to the funds the Defendants and their co-conspirators looted from Almaty. Iliyas used those funds to invest in the medical device company with the intent to further conceal the illicit source of those funds. Upon information and belief, Iliyas and Elvira made use of the United States mail and wires, as well as United States financial institutions, to invest in the medical device company. Additionally, RPM USA LLC and Maro Design LLC, which is owned or controlled by Elvira, own 49% and 51%, respectively, of RPM-Maros LLC.

66. Upon information and belief, in 2013, Iliyas invested approximately \$67.5 million stolen from the people of Almaty to purchase a partial interest in a luxury hotel in New York. Upon information and belief, that \$67.5 million was laundered through various off-shore bank accounts and entities to appear legitimate and is traceable to the funds the Defendants and their co-conspirators looted from Almaty. Iliyas used those funds to purchase the hotel with the intent to further conceal the illicit source of those funds. Additionally, in order to conceal the source of the funds used to make this investment, Iliyas used a series of holding companies ultimately owned by SDG and controlled by him. SDG is the owner of a Luxembourg entity, Triadou SPV SA. Triadou SPV SA owns 50% of a Delaware limited liability company, CF 135 West Member LLC. CF 135 West Member LLC owns 75% of another Delaware limited liability company, 135 West Street Holder LLC. 135 West Street Holder LLC owns another Delaware limited

liability company, 135 West 52<sup>nd</sup> Street Mezz LLC. 135 West 52<sup>nd</sup> Street Mezz LLC owns yet another Delaware limited liability company, 135 West 52<sup>nd</sup> Street Owner LLC. 135 West 52<sup>nd</sup> Street Owner LLC, in turn, is the owner of the hotel, which was purchased in 2013 for \$180 million. Upon information and belief, Iliyas and the other Defendants and co-conspirators use complicated networks of entities such as this with the intent to conceal the source of the funds they inject into the United States, all of which are traceable to the funds embezzled from the people of Almaty. Upon information and belief, Iliyas made use of the United States mail and wires, as well as United States financial institutions, to purchase a partial interest in this hotel. The hotel currently is in the process of being converted into luxury condominiums.

67. By this lawsuit, Almaty seeks to hold Defendants responsible for their illegal conduct in the United States in violation of U.S. law.

### **FIRST CLAIM FOR RELIEF**

(For Violations of RICO, 18 U.S.C. §§ 1962(c), 1962(d), 1964(c), against all Defendants)

68. Almaty hereby incorporates by reference the allegations in paragraphs 1 through 67, as though fully set forth herein.

69. From in or about 1997 and continuing to the present, by reason of its organization, structure, and activities, the Khrapunov Racketeering Enterprise constituted a RICO enterprise within the meaning of 18 U.S.C. § 1961(4). The Khrapunov Racketeering Enterprise was comprised of myriad individuals and entities, all associated in fact as part of the Khrapunov Racketeering Enterprise, including but not limited to the Defendants, co-conspirators, and sham entities named herein. The Khrapunov Racketeering Enterprise was engaged in, and the activities of the Khrapunov Racketeering Enterprise affected, interstate and foreign commerce.

1           70. As alleged herein, the Khrapunov Racketeering Enterprise  
2 participants, including Defendants and each of them, engaged and conspired to  
3 engage in acts in the United States to further the goals of their criminal enterprise,  
4 in violation of U.S. law.

5           71. Defendants engaged and conspired to engage in money laundering in  
6 violation of 18 U.S.C. § 1956 by conducting numerous financial transactions using  
7 illegally obtained funds laundered through various off-shore accounts and entities  
8 to, among other things, purchase real estate and other assets in Beverly Hills,  
9 Studio City, and elsewhere and to fund business entities in furtherance of the  
10 Khrapunov Racketeering Scheme, knowing that such funds were stolen from the  
11 people of Almaty and with the intent of concealing the source of those funds.

12           72. Defendants further engaged and conspired to engage in money  
13 laundering in violation of 18 U.S.C. § 1956 by transporting, transmitting, and/or  
14 transferring funds stolen from the people of Almaty and laundered through various  
15 off-shore accounts and entities into and within the United States in order to, among  
16 other things, purchase real estate and assets in Beverly Hills, Studio City, and  
17 elsewhere and to fund business entities in furtherance of the Khrapunov  
18 Racketeering Scheme, knowing that such funds were stolen from the people of  
19 Almaty and with the intent of concealing the source of those funds.

20           73. Defendants further engaged and conspired to engage in money  
21 laundering in violation of 18 U.S.C. § 1956 by conducting financial transactions  
22 using those stolen funds by, among other things, using stolen funds laundered  
23 through various off-shore accounts and entities to purchase real estate and other  
24 assets in Beverly Hills, Studio City, and elsewhere and to fund business entities in  
25 furtherance of the Khrapunov Racketeering Scheme, knowing that such funds were  
26 stolen from the people of Almaty and with the intent of concealing the source of  
27 those funds.

28

1           74. Defendants engaged and conspired to engage in money transactions in  
2 property derived from specified unlawful activity in violation of 18 U.S.C. § 1957  
3 by, among other things, knowingly transferring funds in excess of \$10,000 stolen  
4 from Almaty into and within the United States via United States financial  
5 institutions to purchase real estate and other assets in Beverly Hills, Studio City,  
6 and elsewhere and to fund business entities knowing that such funds were derived  
7 from and traceable to funds stolen from the people of Almaty.

8           75. Defendants engaged and conspired to engage in the foreign transport  
9 of stolen money or property known to be stolen, converted or taken by fraud in  
10 violation of 18 U.S.C. § 2314 by transferring funds derived from and traceable to  
11 funds stolen from the people of Almaty into and within the United States, in excess  
12 of \$5,000, knowing those funds to have been stolen from the people of Almaty  
13 and/or obtained from the people of Almaty by means of false or fraudulent  
14 pretenses, representations, or promises by, among other things, transferring such  
15 funds from bank accounts in Switzerland into the United States via United States  
16 financial institutions and using those funds to purchase real estate and other assets  
17 in Beverly Hills, Studio City, and elsewhere and to fund business entities.

18           76. Defendants, and each of them, conspired to commit the violations of  
19 U.S. law described herein, and one or more of the Defendants or their co-  
20 conspirators acted to violate such laws. Defendants, and each of them, thus also  
21 violated 18 U.S.C. § 371.

22           77. Defendants engaged and conspired to engage in mail fraud in  
23 violation of 18 U.S.C. § 1341 and wire fraud in violation of 18 U.S.C. § 1343 by  
24 knowingly using the United States mails and wires to transfer illegally obtained  
25 funds into and within the United States, for the purpose of furthering the  
26 Khrapunov Racketeering Scheme and, while concealing the funds' illegal source,  
27 used those funds to purchase real estate in Beverly Hills and Studio City,  
28

1 California and to fund business entities to enable those entities to conduct business  
2 in the United States using the illegally-obtained funds.

3 78. Defendants engaged and conspired to engage in the above violations  
4 of U.S. law in order to implement the objectives and accomplish the unlawful  
5 purposes of the Khrapunov Racketeering Enterprise as set forth herein, and thereby  
6 engaged in predicate acts of racketeering within the meaning of 18 U.S.C. §  
7 1961(1)(B).

8 79. Each of the Defendants conducted or participated, directly or  
9 indirectly, in the conduct of the affairs of the Khrapunov Racketeering Enterprise  
10 through a pattern of racketeering activity, within the meaning of 18 U.S.C. §  
11 1961(5) in violation of 18 U.S.C. § 1962(c), consisting as applicable of multiple  
12 acts of money laundering, conducting money transactions in property derived from  
13 specified unlawful activity, foreign transport of stolen money or property known  
14 to be stolen, converted or taken by fraud, mail fraud, and/or wire fraud, as  
15 specified herein. Each of the Defendants engaged in two or more predicate acts of  
16 racketeering, and each committed at least one such act of racketeering after the  
17 effective date of RICO (*i.e.*, October 15, 1970).

18 80. From in or about 1997, and continuing to the present, Defendants  
19 associated together, with one another and with others, and acted in concert for the  
20 common and unlawful purposes of the Khrapunov Racketeering Enterprise and in  
21 order to implement the schemes and employ the devices described herein.

22 81. In so doing, Defendants unlawfully, willfully, and knowingly did  
23 combine, conspire, confederate, and agree together, with each other and with  
24 others to commit RICO violations under 18 U.S.C. § 1962(c) and, thereby, violated  
25 18 U.S.C. § 1962(d). In furtherance of the conspiracy and to effect the objects  
26 thereof, Defendants committed in the Central District of California and elsewhere  
27 the overt acts as described herein, among others.

28

82. As a direct and proximate result of RICO violations by the Defendants of 18 U.S.C. §§ 1962(a), 1962(b), 1962(c), and/or 1962(d), Almaty has suffered damages in an amount to be determined at trial and presently estimated to be not less than \$300 million. Almaty has been injured in its business or property by reason of each such Defendant's violations and, pursuant to the civil remedy provisions of 18 U.S.C. § 1964(c), is thereby entitled to recover threefold the damages it has suffered, together with its costs of suit and reasonable attorneys' fees.

### **SECOND CLAIM FOR RELIEF**

(For Violations of RICO, 18 U.S.C. §§ 1962(a), 1962(d), 1964(c), against all Defendants)

83. Almaty hereby incorporates by reference the allegations in paragraphs 1 through 82, as though fully set forth herein.

84. From in or about 1997 and continuing to the present, by reason of its organization, structure, and activities, the Khrapunov Racketeering Enterprise constituted a RICO enterprise within the meaning of 18 U.S.C. § 1961(4). The Khrapunov Racketeering Enterprise was comprised of myriad individuals and entities, all associated in fact as part of the Khrapunov Racketeering Enterprise, including but not limited to the Defendants, co-conspirators, and sham entities named herein. The Khrapunov Racketeering Enterprise was engaged in, and the activities of the Khrapunov Racketeering Enterprise affected, interstate and foreign commerce.

85. Each of the Defendants was at the center of and was a principal perpetrator of a fraudulent scheme and is liable under 18 U.S.C. § 1962(a) as a direct and indirect beneficiary of the pattern of racketeering herein alleged.

86. As alleged herein, the Khrapunov Racketeering Enterprise participants, including Defendants and each of them, engaged and conspired to



1 engage in acts in the United States to further the goals of their criminal enterprise,  
2 in violation of U.S. law.

3 87. Defendants engaged and conspired to engage in money laundering in  
4 violation of 18 U.S.C. § 1956 by conducting numerous financial transactions using  
5 illegally obtained funds laundered through various off-shore accounts and entities  
6 to, among other things, purchase real estate and other assets in Beverly Hills,  
7 Studio City, and elsewhere and to fund business entities in furtherance of the  
8 Khrapunov Racketeering Scheme, knowing that such funds were stolen from the  
9 people of Almaty and with the intent of concealing the source of those funds.

10 88. Defendants further engaged and conspired to engage in money  
11 laundering in violation of 18 U.S.C. § 1956 by transporting, transmitting, and/or  
12 transferring funds stolen from the people of Almaty and laundered through various  
13 off-shore accounts and entities into and within the United States in order to, among  
14 other things, purchase real estate and assets in Beverly Hills, Studio City, and  
15 elsewhere and to fund business entities in furtherance of the Khrapunov  
16 Racketeering Scheme, knowing that such funds were stolen from the people of  
17 Almaty and with the intent of concealing the source of those funds.

18 89. Defendants further engaged and conspired to engage in money  
19 laundering in violation of 18 U.S.C. § 1956 by conducting financial transactions  
20 using those stolen funds by, among other things, using stolen funds laundered  
21 through various off-shore accounts and entities to purchase real estate and other  
22 assets in Beverly Hills, Studio City, and elsewhere and to fund business entities in  
23 furtherance of the Khrapunov Racketeering Scheme, knowing that such funds were  
24 stolen from the people of Almaty and with the intent of concealing the source of  
25 those funds.

26 90. Defendants engaged and conspired to engage in money transactions in  
27 property derived from specified unlawful activity in violation of 18 U.S.C. § 1957  
28 by, among other things, knowingly transferring funds in excess of \$10,000 stolen

1 from Almaty into and within the United States via United States financial  
 2 institutions to purchase real estate and other assets in Beverly Hills, Studio City,  
 3 and elsewhere and to fund business entities, knowing that such funds were derived  
 4 from and traceable to funds stolen from the people of Almaty.

5 91. Defendants engaged and conspired to engage in the foreign transport  
 6 of stolen money or property known to be stolen, converted or taken by fraud in  
 7 violation of 18 U.S.C. § 2314 by transferring funds derived from and traceable to  
 8 funds stolen from the people of Almaty into and within the United States, in excess  
 9 of \$5,000, knowing those funds to have been stolen from the people of Almaty  
 10 and/or obtained from the people of Almaty by means of false or fraudulent  
 11 pretenses, representations, or promises by, among other things, transferring such  
 12 funds from bank accounts in Switzerland into the United States via United States  
 13 financial institutions and using those funds to purchase real estate and other assets  
 14 in Beverly Hills, Studio City, and elsewhere and to fund business entities.

15 92. Defendants, and each of them, conspired with each other and with  
 16 others to commit the violations of U.S. law described herein, and one or more of  
 17 the Defendants or their co-conspirators acted to violate such laws. Defendants, and  
 18 each of them, thus also violated 18 U.S.C. § 371.

19 93. Defendants engaged and conspired to engage in mail fraud in  
 20 violation of 18 U.S.C. § 1341 and wire fraud in violation of 18 U.S.C. § 1343 by  
 21 knowingly using the United States mails and wires to transfer illegally obtained  
 22 funds into and within the United States, for the purpose of furthering the  
 23 Khrapunov Racketeering Scheme and, while concealing the funds' illegal source,  
 24 used those funds to purchase real estate in Beverly Hills and Studio City,  
 25 California and to fund business entities to enable those entities to conduct business  
 26 in the United States using the illegally-obtained funds.

27 94. Defendants engaged and conspired to engage in the above violations  
 28 of U.S. law in order to implement the objectives and accomplish the unlawful

1 purposes of the Khrapunov Racketeering Enterprise as set forth herein, and thereby  
 2 engaged in predicate acts of racketeering within the meaning of 18 U.S.C. §  
 3 1961(1)(B).

4 95. Furthermore, each Defendant received income derived directly or  
 5 indirectly from a pattern of racketeering in which each of said Defendants  
 6 participated as a principal within the meaning of 18 U.S.C. § 2.

7 96. During the period commencing in or about 1997 and continuing to the  
 8 present, the Defendants, having received income derived, directly or indirectly,  
 9 from a pattern of racketeering activity, used or invested, directly or indirectly, in  
 10 violation of 18 U.S.C. § 1962(a), income or the proceeds of income from said  
 11 illegal racketeering activity in the acquisition of an interest in, or the establishment  
 12 or operation of the Khrapunov Racketeering Enterprise or one or more affiliated  
 13 entities. Said uses and investments in enterprises affecting interstate or foreign  
 14 commerce include without limitation the uses and investments described herein.

15 97. In so doing, Defendants unlawfully, willfully and knowingly did  
 16 combine, conspire, confederate, and agree together, with each other and with  
 17 others to commit RICO violations under 18 U.S.C. § 1962(c) and, thereby, violated  
 18 18 U.S.C. § 1962(d). In furtherance of the conspiracy and to effect the objects  
 19 thereof, Defendants and their co-conspirators committed in the Central District of  
 20 California and elsewhere the overt acts as described herein, among others.

21 98. As a direct and proximate result of RICO violations by the Defendants  
 22 of 18 U.S.C. § 1962(a) and/or 18 U.S.C. § 1962(d), Almaty has suffered damages  
 23 in an amount to be determined at trial and presently estimated to be not less than  
 24 \$300 million. Almaty has been injured in its business or property by reason of  
 25 each such Defendant's violations in that financial assets stolen or otherwise  
 26 diverted from and thereby lost to Almaty have been used and invested, directly or  
 27 indirectly, to acquire an interest in and to establish and operate numerous  
 28 enterprises affecting interstate or foreign commerce without benefit to Almaty or

its people. Accordingly, pursuant to the civil remedy provisions of 18 U.S.C. § 1964(c), Almaty is entitled to recover threefold the damages it has suffered, together with its costs of suit and reasonable attorneys' fees.

### **THIRD CLAIM FOR RELIEF**

(For Breach of Fiduciary Duty against Viktor)

99. Almaty hereby incorporates by reference the allegations in paragraphs 1 through 98, as though fully set forth herein.

100. As alleged above, Viktor owed a fiduciary duty to Almaty and its people to hold and control the assets of the Almaty government for the benefit of Almaty and its people, and not for his personal benefit or the personal benefit of his relatives, associates, and accomplices.

101. By engaging in the acts alleged above, Viktor breached his fiduciary duty to Almaty and its people. As a direct and proximate result of such breaches, Almaty has suffered damages in an amount to be determined at trial and presently estimated to be not less than \$300 million.

102. In committing the acts and perpetrating the schemes alleged herein, Viktor intended to injure Almaty and acted with malice and oppression and with a willful and conscious disregard for the rights of Almaty and its people. In so doing, Viktor has acted toward Almaty and its people in such manner as to warrant disgorgement of his uses and investments of Almaty's money and property together with an award of punitive and exemplary damages in an amount no less than \$300 million.

### **FOURTH CLAIM FOR RELIEF**

(For Conversion and Conspiracy to Convert against all Defendants)

103. Almaty hereby incorporates by reference the allegations in paragraphs 1 through 102, as though fully set forth herein.

104. Defendants, and each of them, have wrongfully converted, aided and abetted, and caused to be converted, to their own use, and that of their friends,

families, associates, and accomplices, money, funds, and property belonging to Almaty and its people. Such conversions have been for the benefit of the Defendants and their friends, families, associates, and accomplices, and to the detriment of the true owners of the property, Almaty and its people. Such acts of conversion include the acts alleged herein.

105. Defendants unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together, with each other, and with others to convert money, funds, and property belonging to Almaty and its people to their own use, and that of their friends, families, associates, and accomplices. In furtherance of the conspiracy and to affect the objects thereof, Defendants committed the overt acts, among others, referenced above.

106. As a direct and proximate result of these acts of conversion by Defendants, Almaty has suffered damages in an amount to be determined at trial, and presently estimated to be not less than \$300 million.

107. In committing the acts and perpetrating the schemes alleged herein, Defendants intended to injure Almaty and acted with malice and oppression and with a willful and conscious disregard for the rights of Almaty and its people. In so doing, Defendants acted toward Almaty and its people in such manner as to warrant disgorgement of their uses and investments of Almaty's money and property together with an award of punitive and exemplary damages in an amount no less than \$300 million.

### **FIFTH CLAIM FOR RELIEF**

(For Fraud and Deceit and Conspiracy to Defraud against Viktor and Leila)

108. Almaty hereby incorporates by reference the allegations in paragraphs 1 through 107, as though fully set forth herein.

109. In the course of conducting and participating in the conduct of the affairs of the Khrapunov Racketeering Enterprise, Viktor and Leila made representations to Almaty and others, which representations were false and

1 necessary to implement the unlawful looting, laundering, investment and  
2 obstruction schemes described above.

3 110. As set forth above, Viktor, who owed a fiduciary duty to Almaty, and  
4 Leila failed to disclose and otherwise concealed facts from Almaty and others, the  
5 disclosure of which was necessary to make the representations made by them to  
6 Almaty not materially misleading. Viktor and Leila knew that said facts were not  
7 being disclosed and were material, and they intended by concealment of these facts  
8 to facilitate continuation of their unlawful diversion of assets belonging to Almaty  
9 and its people.

10 111. Almaty relied to its detriment on the representations of integrity by  
11 Viktor and Leila. Viktor and Leila flagrantly breached the trust and confidence of  
12 Almaty by committing numerous acts of fraud, deceit, conversion, and  
13 racketeering alleged herein, through which they plundered the assets of Almaty.

14 112. In the course of developing their elaborate scheme to defraud, Viktor  
15 and Leila secured the assistance, among others, of associates and accomplices, who  
16 with Viktor and Leila unlawfully, willfully and knowingly did combine, conspire,  
17 confederate, and agree together, with each other and with others to facilitate, aid  
18 and abet, and conceal the scheme and artifice to defraud, and to obtain money and  
19 property by false representations and promises, thereby enabling the massive  
20 diversions and concealment of looted funds identified in this Complaint.

21 113. As a direct and proximate result of the foregoing fraudulent conduct  
22 and conspiracy to defraud, Almaty has suffered damages in an amount to be  
23 determined at trial, and presently estimated to be not less than \$300 million.

24 114. In committing the acts and perpetrating the schemes alleged herein,  
25 Viktor and Leila intended to injure Almaty and acted with malice and oppression  
26 and with a willful and conscious disregard for the rights of Almaty and its people.  
27 In so doing, Defendants acted toward Almaty and its people in such manner as to  
28 warrant disgorgement of their uses and investments of Almaty's money and

property together with an award of punitive and exemplary damages in an amount no less than \$300 million.

### **SIXTH CLAIM FOR RELIEF**

(For an Accounting, and Imposition of a Constructive Trust and Equitable Lien against all Defendants)

115. Almaty hereby incorporates by reference the allegations in paragraphs 1 through 114, as though fully set forth herein.

116. During Viktor's mayoralty of Almaty, he, acting as mayor, controlled virtually all of the valuable assets of the Almaty government. These assets included money and real and personal property owned by the Almaty government, the right to convey, for the benefit of the people of Almaty, real and personal property owned by the Almaty government, and the right to decide who could do business in Almaty through the granting of licenses, concessions, and permits. Viktor further was entrusted with the ability to cause privately owned property to be seized by the Almaty government, purportedly for the benefit of Almaty and its people.

117. Viktor owed a fiduciary duty to Almaty and its people to hold and control these assets for the benefit of Almaty and its people, and not for his personal benefit or the personal benefit of his friends, families, associates, and accomplices. As alleged above, Viktor, aided and abetted by the other Defendants and co-conspirators, converted the assets of the Almaty government to his personal benefit and the personal benefit of his friends, families, associates, and accomplices. They did so by looting money and property owned by the Almaty government and/or by private parties and by accepting bribes, kickbacks, gratuities, and commissions in exchange for the granting of the legal right to do business in Almaty. All such conversions of assets were done in violation of Viktor's duties to the beneficial owners of such assets, Almaty and its people. If



Viktor or the other Defendants are permitted to retain these assets, they will be unjustly enriched at Almaty's expense.

118. Defendants other than Viktor received money and property stolen from the Almaty government by Viktor and other economic benefits taken or conferred upon them by Viktor in violation of his fiduciary duty. These Defendants received such money, property, and other economic benefits without giving value for them or with notice to Almaty that such assets had been stolen or otherwise acquired in violation of Viktor's duties to Almaty and its people. If these Defendants are permitted to retain such assets, they will be unjustly enriched at Almaty's expense.

119. As a result of the foregoing, Almaty is entitled to an accounting by each of the Defendants of all real and personal property held, acquired, or disposed of by them at any time since 1997.

120. As a result of the foregoing, Almaty is entitled to a constructive trust and equitable lien upon all real and personal property of Defendants, wherever located worldwide.

121. Defendants regularly misused and continue to misuse the corporate and other forms of business organization as a cloak for committing fraud and as a means of perpetrating injustice. By reason of the elaborate and fraudulent schemes used by Defendants to conceal transfers of stolen money and property and to conceal ownership of Defendants' assets, it would be unjust and inequitable to require Almaty to trace the source of money used to acquire specific assets, or to prove that specific assets were acquired with money or property stolen from Almaty. Instead, the burden should be shifted to Defendants to prove that they had sources of income other than the unlawful looting and investment schemes described herein, and to prove that particular assets were acquired by them with such independent, lawful income.

**PRAYER**

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

- A. For compensatory damages;
- B. For treble damages;
- C. For punitive damages;
- D. For prejudgment interest;
- E. For a constructive trust;
- F. For an accounting;
- G. For injunctive relief;
- H. For disgorgement;
- I. For all costs and fees incurred in prosecuting this Complaint;
- J. For such other and further relief as this Court deems just and proper.

Dated: April 8, 2015

LATHAM & WATKINS LLP  
David J. Schindler  
Julie R. F. Gerchik  
Kristen M. Tuey

By /s/ David J. Schindler  
David J. Schindler  
Attorneys for Plaintiff the City of  
Almaty